

Message Text

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ACTION AF-06

INFO OCT-01 EB-07 ISO-00 IGA-02 L-03 SS-15 SP-02 INR-07

PM-04 /047 W

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P 230812Z DEC 75

FM AMEMBASSY ADDIS ABABA

TO SECSTATE WASHDC PRIORITY 7461

C O N F I D E N T I A L ADDIS ABABA 14752

STADIS////////////////////////////////

E.O. 11652: GDS

TAGS: EINV ET

SUBJECT: BALANCE OF PAYMENTS REVIEW

REF: STATE 275435 (AIDAC)

1. REFTEL HAS REQUESTED USAID ETHIOPIA TO PREPARE BALANCE OF PAYMENTS DATA FOR CY 74, 75 AND 76. EMBASSY WISHES TO DRAW DEPT'S ATTENTION TO THE IMPLICATIONS THIS DATA HAS FOR MILITARY SALES TO ETHIOPIA. ACCORDING TO MAAG RECORDS, ETHIOPIA HAS PAID USG UNDER FMS CASH AND CREDIT SALES US\$33.1 MILLION DURING CY 75. THUS FAR EMBASSY HAS TREATED THIS INFORMATION AS PRIVILEGED AND UNDERSTANDS THAT CONGRESSIONAL CLEARANCE FOR CERTAIN SALES (E.G., F5E) HAVE ALSO BEEN HANDLED ON A CONFIDENTIAL BASIS. CONSEQUENTLY, IN PRESENTING BALANCE OF PAYMENTS DATA REQUESTED REFTEL, EMBASSY PROPOSES TO INCLUDE THESE OUTLAYS IN ERRORS AND OMISSIONS LINE ITEM. THIS WILL OBVIOUSLY INFLATE ERRORS AND OMISSIONS FIGURE FOR CY 75 AND 76. IT IS NEVERTHELESS THE ONLY APPARENT SOLUTION TO PROVIDING IN AN UNCLASSIFIED FORMAT AND IN A MANNER UNLIKELY TO CREATE DIFFICULTIES WITH THE EPMG THE MATERIAL REQUESTED REFTEL.

2. IT ALSO SHOULD BE NOTED IN THIS CONNECTION THAT THE EPMG'S METHOD FOR RECORDING MILITARY SALES TRANSACTIONS IS NOT KNOWN. FOR EXAMPLE, AS MILITARY EQUIPMENT ARRIVES IN COUNTRY, UNDER ORDINARY CIRCUMSTANCES IT SHOULD BE ENTERED IN THE IMPORTS LINE ITEM. THIS PROBABLY WILL NOT OCCUR IN ETHIOPIA'S CASE. NEVERTHELESS, THE
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IMPACT OF MILITARY SALES ON ETHIOPIA'S FX RESERVES WILL ALMOST

CERTAINLY APPEAR, DISGUISED OR OTHERWISE, IN ETHIOPIA'S PUBLIC
FINANCIAL DOCUMENTS AND SHOULD BE TAKEN INTO ACCOUNT IN THE B/P
PROJECTIONS REQUESTED REFTTEL.

3. IF THE DEPT PERCEIVES AN OBJECTION TO THIS APPROACH, PLEASE
ADVISE BY PRIORITY CABLE.

4. THIS TELEGRAM IS SLUGGED STADIS TO PERMIT AFRICAN BUREAU TO
DECIDE WASHINGTON DISTRIBUTION. EMBASSY ASSUMES IT WILL BE SHARED
WITH APPROPRIATE AID PERSONNEL.
HUMMEL

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